



COUNCIL AGENDA: 6-22-04

ITEM:

# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Carl W. Mosher

**SUBJECT: REPORT ON BIDS AND AWARD  
OF CONTRACT FOR EDENVALE  
WELL #4**

**DATE:** 6-14-04

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Approved

Date

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**COUNCIL DISTRICT: 2**

## **RECOMMENDATION**

Report on bids and approval of award of contract to the low bidder, Zim Industries, Inc., in the amount not to exceed \$229,410 for Edenvale Well #4 and approval of a budget contingency in the amount of \$23,000.

## **BACKGROUND**

The Edenvale Redevelopment Area has been created to provide infrastructure for the planned expansion of the industrial area in Edenvale. The area is serviced by San Jose Municipal Water System (SJMWS). Currently there are three water wells that fill a three million gallon reservoir located in the adjacent hills. To accommodate future planned Edenvale expansion, and provide increased system reliability, SJMWS has designed a new well south of its existing well field.

The new well will increase system capacity and reliability. This project will be constructed in two phases. In this first phase, the well will be drilled, developed, and capacity tested as part of SJMWS's 2003-2004 CIP. In the second phase, the pump and building enclosure will be constructed as part of the 2004-2005 CIP program.

## **ANALYSIS**

Bids for this project were opened on April 29, 2004, with the following results:

<b><u>Contractor</u></b>	<b><u>City</u></b>	<b><u>Bid Amount</u></b>	<b><u>Variance Over / (Under)</u></b>	
			<b><u>Amount</u></b>	<b><u>Percent</u></b>
Zim Industries	Fresno	\$229,410.00	\$26,870.00	13%
<b>Engineer's Estimate</b>		<b>\$202,540.00</b>		

The low bid submitted by Zim Industries, Inc. is \$26,870 (13%) above the Engineer's estimate. The bid has been reviewed, analyzed, and found acceptable. We believe the variation in price is due to the volatility of steel and diesel prices for a project that is scheduled to start approximately four months after the bid. A contingency of \$23,000 is requested for unforeseen conditions that may arise during construction.

Zim Industries is from the Central Valley and has an excellent reputation in the water industry as a very capable and qualified contractor. This will be the first well constructed by the City of San Jose since 1985. Well drilling is specialty work, and we are not aware of any contractors in San Jose that perform such work. Well drillers tend to be from agricultural areas where there is an ongoing need for such a specialty.

In addition to being advertised in the San Jose Post Record, two other well drillers, Baylin Drilling and Wayne Western were contacted and invited to submit a bid, but only one bid was received. The one bid is reasonable and very acceptable. It is possible that by rejecting the one bid and soliciting new bids might result in lower costs, but there is no guarantee because this is a busy time for well drillers and we might not receive favorable proposals. Rejecting the bid and soliciting new bids will delay the project and incur additional costs.

## **PUBLIC OUTREACH**

This project was advertised in April 2004 in the San Jose Post Record.

## **COORDINATION**

This project has been coordinated with the Offices of Risk Management, Equality Assurance, the City Manager's Budget Office, the City Manager's Office, and the City Attorney's Office.

**COST IMPLICATION**

1. AMOUNT OF RECOMMENDATION: \$229,410

2. COST OF PROJECT: \$312,410

Project Delivery	\$ 60,000
Construction	\$229,410
Contingency	<u>\$ 23,000</u>
<b>TOTAL</b>	<b>\$312,410</b>

3. SOURCE OF FUNDING: 502 - Water Utility Capital Fund

**FISCAL IMPACT** The estimated completion date of this project is August 31, 2005. There are no cost implications to the General Fund as a result of this action. This recommendation meets the general principals of the Mayor's FY 2003-04 Budget Strategy of protecting a core service.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC#	Total Appn.	Amt. for contract	2003-2004 Adopted Capital Budget Page	Last Budget Action (Date, Ord. No.)
502	4195	Edenvale Well #4	116073	\$735,000	\$229,410	Page 235	10/14/03, Ord. No. 26997

**CEQA**

Exempt, PP03-07-239

CARL W. MOSHER  
Director, Environmental Services Department